

P-465/M-88-436DENYING REQUEST FOR INDIVIDUAL CASE BASED PRICING

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Barbara Beerhalter	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Darrel L. Peterson	Commissioner

In the Matter of Tariff Revisions Filed by U.S.
Link Long Distance

ISSUE DATE: February 13, 1989

DOCKET NO. P-465/M-88-436

ORDER DENYING REQUEST FOR
INDIVIDUAL CASE BASED PRICING

PROCEDURAL HISTORY

On July 1, 1988 U.S. Link Long Distance (U.S. Link or the Company) filed proposed tariff revisions decreasing day rates, decreasing access rates for travel cards, increasing night rates, and pricing private line and switched access service on an individual case basis.

The Department of Public Service (the Department) examined the filing and submitted its report on August 11, 1988. The Department recommended approval of the changes in night, day, and travel card rates and recommended denial of the individual case based (ICB) pricing proposal. The Company submitted comments supporting its ICB pricing proposal on August 25, 1988.

In an Order dated September 21, 1988 the Commission approved the revisions to the Company's day rates, night rates, and travel card rates, and deferred consideration of the individual case based pricing proposal pending further investigation. The Commission received a staff report on the ICB pricing proposal on November 17, 1988. The matter came before the Commission on January 31, 1989.

FINDINGS AND CONCLUSIONS

The Commission agrees with the Department that the Company has not demonstrated the exceptional circumstances necessary to justify case by case pricing for these services. Under Minnesota law telephone companies are required to file rates and tariffs "for every kind of service," and are prohibited from charging any customer "a greater or less compensation for any intrastate

service . . . " than that charged any other customer. Minn. Stat. §§ 237.07; 237.09 (1988).

The Commission has recognized in the past that case by case pricing is sometimes necessary despite these provisions. Flexible pricing has been allowed, for example, for services such as new construction, where costs vary so widely that development of a meaningful tariff is nearly impossible. It is only under such exceptional circumstances, however, that flexible pricing may be approved.

Exceptional circumstances are not present here. U.S. Link has not demonstrated that its switched access and private line services are subject to the drastic cost variations which occur in new construction or that they differ substantially from conventional, tariffed services in any other way.

The Commission is sympathetic to the Company's claim that it lacks the resources to develop the complex tariffs necessary to compete with larger carriers in the switched access and private line markets. The Commission cannot relax the anti-discrimination provisions of the statutes it enforces, however, to enhance the Company's competitive position. The Company's individual case based pricing proposal will be denied.

ORDER

1. U.S. Link's individual case based pricing proposal, filed July 1, 1988 is denied.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen
Executive Secretary

(S E A L)